

re-distribution of national bank currency among the several States and Territories are hereby repealed."

The national banks bore an honorable part in bringing about the resumption of specie payments. A few bankers who had extended their speculations beyond legitimate limits undoubtedly desired to see the *regime* of irredeemable paper perpetuated, but the majority were earnestly in favor of return to a specie basis. Secretary McCulloch strongly urged resumption in his first annual report in 1865 and was authorized by the Act of April 12, 1866, to receive legal tender notes for bonds and cancel the notes to an amount not exceeding \$10,000,000 in the first six months and \$4,000,000 in any one month thereafter. The maximum price of gold, which had been 233.75 in 1865, was 167.75 in 1866 and 145.625 in 1867. Secretary McCulloch reduced the outstanding legal tenders from \$422,424,007 on March 31, 1866, to \$356,000,000 in February, 1868. The fear of contraction, stimulated by the reaction from the fever of the war speculation, seized upon Congress and the further retirement of legal tender notes was forbidden by the Act of February 3, 1868.

The Resumption Act was the outcome of a caucus committee appointed by the Republicans in December, 1874, to frame a measure upon which the party could unite. The previous session had witnessed the passage of the inflation bill, increasing the limit of legal tender issues to \$400,000,000 and authorizing an addition of \$46,000,000 to the banknote circulation, to be distributed to banks in the West and South. The bill was vetoed by President Grant and the inflation fever was checked. The Resumption Act was hurried through Congress within six weeks after the beginning of the session and was intentionally left in clumsy and ambiguous shape in order to hold votes. Senator Schurz of Missouri repeatedly inquired of Senator Sherman, who had the bill in charge, whether the legal tender notes redeemed in coin, as proposed by the bill, were to be retired and cancelled. Mr. Sherman refused to give a definite reply and Mr. Schurz voted with the Democratic Senators against